

# **IF CANADA BREAKS UP: IMPLICATIONS FOR U.S. POLICY**

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## **1992: BEYOND THE LITANY OF U.S. NONINTERFERENCE?**

Since the June 1990 collapse of the Meech Lake constitutional accord, Canada has been in the midst of the most profound crisis in its history. Quebec legislation now provides for a popular referendum on sovereignty to be held by October 1992. Quebeckers may opt to leave the Canadian federation and become a sovereign state.

Given Canada's economic and military importance to the U.S., Washington cannot look at its neighbor's travails without interest. But thus far, Canada's national unity crisis has not posed difficulties for Washington. Moreover, for another year it will not, in all probability, present U.S. decision-makers with many policy challenges.

The current U.S. approach to the Canadian national unity debate is simple. All U.S. officials who deal with Canadian affairs, ranging from the most junior probationary foreign service officer stamping passports at the U.S. consulate in Toronto to President Bush on his April 1991 visit to Ottawa to

discuss post-war developments in the Persian Gulf region with Prime Minister Mulroney, have been prepared at all appropriate moments to chant the same litany. With several minor variations, it runs: "The U.S. hopes that Canada will remain united. But as this is a Canadian matter to be settled by Canadians, the U.S. will not comment further or otherwise interfere." It has been business as usual in the day-to-day management of U.S.-Canada relations, proceeding with very little reference to the possibility of Canadian federal disintegration.

Of course, just like Canadians, Washington already has been through it. The litany of concerned non-interference and the accompanying approach of business as usual are a reprise of U.S. policy established by the Carter administration during Canada's last national unity crisis which extended from the November 1976 election of a sovereigntist Parti Québécois government under the leadership of Premier René Lévesque to a May 1980 referendum in which the Quebec people refused the Lévesque government the mandate it had requested to negotiate political sovereignty and economic association with the rest of Canada. In a fascinating study, Jean François Lisée has chronicled the evolution of this U.S. policy towards Quebec.<sup>1</sup>

Some Canadians have been puzzled or even alarmed by the U.S. policy of non-intervention towards their country's troubles. This reflects the all-to-common assumption that Washington either totally ignores Canada or is plotting darkly to rob it of its sovereignty. According to this line of thinking, since the breakup of Canada would be too important to ignore, surely the plots are underway somewhere in Washington. The State Department, the National Security Council, the Department of Defense or perhaps some other agency which dare not speak its name must be secretly drawing up the contingency plans to cope with Quebec independence.

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Others, mainly English Canadians, have been somewhat irritated by U.S. inaction. The argument for Quebec sovereignty rests, in part, on the assumption that the health of the Quebec economy after sovereignty can be fostered through continued free trade with the U.S. So why can't Washington just do itself and Canadian unity a favor by putting an end to the current fervor for Quebec independence, simply announcing that if Quebec becomes sovereign it can't have free trade with the U.S.? The Canadian columnist Diane Francis has even suggested that Ottawa should "ask Washington to refuse to negotiate free trade arrangements with any breakaway province."<sup>2</sup>

We can be sure that the official Canada watchers in Washington are following events closely and are providing senior officials with updates and analysis from time to time. But the current combination of business as usual and non-interference (but not complete neutrality of expression) not only is utterly sensible policy *for the moment* but was inevitable, given the way the U.S. conducts foreign policy in general and its policy towards Canada in particular.

Three factors stand out. First, since Canada is a sovereign and democratic country, it would be simply wrong for the U.S. to interfere in the basic decisions to be taken by Quebec and English Canada<sup>3</sup> about the kind of relationship they want. This does not mean that Washington should always stand aside. Nor does it mean that Americans who follow Canadian affairs in government, business or the academic world should remain unmoved. Most are appalled at the spectacle of one of the most fortunate countries in the world tearing itself apart. Others believe that principles of national self-determination entitle the Quebec people to a sovereign homeland. Still others try to nod their heads wisely and intone the current conventional wisdom that global events foster greater international integration and a resurgence of regional nationalism, both at the expense of multi-ethnic states.

Second, as Quebec and the rest of Canada head towards those basic decisions about their constitutional and political futures, any active involvement by the U.S. government would be counterproductive because of the resentment it would produce. Most Quebeckers and for that matter probably most English Canadians would be offended at an attempt by the colossus to the south to insert itself into the Canadian debate.

Third, the U.S. government simply cannot turn the key that some Canadians believe it holds; that is, it cannot announce that there would be no U.S.-Quebec free trade. For the current U.S. administration, like its predecessor, genuinely believes in North American free trade. The U.S. has negotiated and entered into a free trade agreement (FTA) with Canada and is currently negotiating one with Mexico. Therefore, in

principle, the extension of the Canada-U.S. agreement to a sovereign Quebec really cannot be ruled out. On the other hand, for U.S. officials to confirm now that Washington, in all probability, would welcome the continuation of the FTA would be to enter the Canadian debate.

It should be added that U.S. officials receive tacit encouragement by their Canadian counterparts to continue with the business-as-usual approach. Such an approach has also been embraced by Ottawa, at least officially, with respect to both domestic and foreign affairs. While not minimizing the gravity of the current crisis, the Mulroney government has been emphasizing its belief that a way out of it will be found and that Canada will remain united. Ironically, Quebec sovereigntists are also pleased by the U.S. position, knowing full well that if Washington were to express a stronger opinion it would probably be disapproval. On the eve of the 1980 referendum the Lévesque government was deeply fearful that Washington would take such a step. In this sense, the U.S. approach to the crisis has been working spectacularly well: thus far Washington has made few enemies in Canada with it.

Yet even if it were desirable for a cautious U.S. government to enter the Canadian national unity debate at this stage, Washington would find it exceedingly difficult to do so for two reasons. First, despite the attractions of long-range policy planning, foreign policy-making in Washington generally consists of putting out fires after they break out. This is especially the case in Canada-U.S. relations. The U.S. has never had what might be called a coherent Canada policy. Rather, it deals issue by issue. It takes a significant fire to seize the attention of the senior leadership, much less to galvanize the State Department into concerted action. Although threatening, there is no fire yet in Canada. Indeed, it may never break out. Moreover, the Washington foreign policy apparatus is notoriously "leaky." This is especially the case in the management of U.S. relations with Canada where several bureaucratic players are involved. There can be no assurance that a carefully drawn-up inter-agency strategy for prudently entering and influencing the Canadian constitutional debate would not become public. For this reason alone, it is a good bet that none exists today.

What public discussion of Canada's future there has been in the U.S. since June 1990 has been free of the lurid "Cuba on the St. Lawrence River" warnings that occasionally appeared in the 1976-1980 period. This is a result both of the decline of the Soviet empire and of a more sophisticated American understanding—especially in the business world—of Canadian affairs, including developments in Quebec. That sophistication still has its limits, though, as has been evident in the gleeful and facile observations by some Americans that if Quebec leaves, the U.S. might absorb most of Canada.

Washington's now well-established, well-practiced and well-known position of noninterference, as well as the more sophisticated understanding of Canada among those Americans with interests there, have also served to dampen any temptation that may have existed on the part of sovereignists and federalists in Quebec and the rest of Canada to attempt to sway U.S. thinking in any major fashion. Certainly Canadian officials have sought to assure Americans that a solution will be found which will allow Canada to remain united. Meanwhile sovereignists, including Parti Québécois leader Jacques Parizeau, have made the rounds in New York and Washington to assure investors and other interested parties that a sovereign Quebec would still be a good place to invest money. But the dramatic attempts at persuading Americans that sometimes marked the 1976-1980 period are missing this time.

The current U.S. policy has come at some cost, though. Over the past year and a half there has often been an air of unreality to the discussions within Quebec about U.S. interests in that province. This is perhaps understandable, given the absence of authoritative statements. The assumption of almost all Quebecers that the U.S. would want to pursue a close and friendly relationship with both a sovereign Quebec and Canada is assuredly correct. Americans who follow Canadian affairs, including Washington officials, understand that these feelings are reciprocated in Quebec. But the devil here really is in the details. Americans and Quebecers can readily agree that the Canada-U.S. FTA should be extended to a sovereign Quebec. But is not clear that in the long run Quebec nationalism and North American free trade, as understood in the U.S., are fully compatible. For many years the Parti Québécois platform has included the statement, reassuring to the U.S., that Quebec would fulfill its obligations towards NORAD and NATO. But few Quebecers seem to have thought out what that might entail, much less whether the U.S. actually would want Quebec to be a full military partner.

For the moment, Washington can and should continue to chant its litany and stay out of the Canada-Quebec discussions. The Canadian crisis may then pass if Quebec and the rest of Canada reach a constitutional accord. But if Quebec opts for independence, perhaps in a 1992 referendum, Washington will need to adopt a new approach. The basic decision having been taken, Canada and Quebec probably would negotiate a new relationship that could directly affect U.S. interests. It is difficult to believe that Washington should sit back then and wait for Quebec and Canada to propose, entirely without U.S. involvement, what kind of trilateral North American economic, military and environmental adjustments should be made, to name just the most important

areas. Well before the eve of formal sovereignty, Quebec will be knocking on Washington's door in order to establish a new bilateral relationship.

This paper has a twofold purpose. The first is to provide, particularly for American readers, a brief overview of the origins of the current crisis and its possible outcomes, and an outline of what to watch for in Canada over the next two years as Quebec and English Canada decide whether the country will remain together. The second is to help open discussion, calmly and in advance of any necessity, about what a U.S. policy towards Quebec and Canada would look like after a decision by Quebec to become independent. Such a decision could come as early as 1992. How would U.S. interests be affected by the disintegration of Canada and how should the U.S. government pursue them? How could the U.S. government gear up to deal with the new situation on the northern border?

To avoid immediately any misunderstanding it is prudent to make a point here that will be explored below in fuller detail: the breakup of Canada would pose no fundamental challenge to the U.S. Nonetheless, there can also be no denying that from the perspective of U.S. national interests, the breakup of Canada would be an unwelcome development, a point that will also be expanded on in the following pages. As friendly as the new Quebec state could be expected to be, at the very least its establishment would create a time-consuming bureaucratic headache for the U.S. government. The potential also exists for some differences— although in all probability not major ones— between the U.S. and Quebec concerning the extension of the Canada-U.S. FTA, while the U.S. would legitimately be concerned about the future of a Canada traumatized by Quebec's departure, and about the health of the Canadian and Quebec economies.

### **THE CANADIAN CRISIS: ORIGINS AND POTENTIAL OUTCOMES**

While predictions abound, it is impossible at this writing to say with any real certainty whether Canada will remain intact. During the twelve months after the collapse of Meech Lake, Quebec independence seemed inevitable. Public opinion polls in Quebec showed historically high levels of support for such a step, while in English Canada an attitude toward Quebec of "let them go" seemed to be solidifying.

Recently, Canadians who hope their country remains together have become more optimistic. In the summer of 1991 support in Quebec for sovereignty seemed to be waning. Meanwhile, English Canada has been grappling with the need for constitutional change. The Mulroney

government has been preparing a new constitutional package to present to the country this fall. So a deal that holds the country together may very well be struck. After all, this is not the first time that Canadian unity has been threatened.

Nonetheless, the current wave of optimism among federalists may not be justified, for the fundamental difficulties the country faces simply cannot be minimized. Good-will among English Canadians and Quebecers will not be sufficient to hold Canada together. The death of Meech Lake and its aftermath have underlined the extent to which English Canada and Quebec disagree not just about the Canadian Constitution, but about *the very nature* of Canada itself that must be reflected in any new constitutional arrangements. The situation is further complicated by disagreements within English Canada about the need for a strong federal government and about its structure, within Quebec between sovereignists and federalists, and by the widespread feeling in both English Canada and Quebec that the process of constitutional change has been discredited. It will be hard to ignore the constitutional concerns of aboriginal Canadians. Moreover, time is very short.

### **The Origins: What is Canada?**

Just about everyone recognizes that Canada is a country of different regions, a fact which requires reliance on a federal system of governance. After that, the disagreements begin. In English Canada, the country tends to be seen as being inhabited by one Canadian people (as well as by aboriginal Canadians), of whom most are anglophone, some are francophone, and a lesser number are speakers of various languages (allophones). Thus, while most francophones live in Quebec and have their own educational, cultural and political institutions, as well as a deep attachment to Quebec, this essentially geographic fact is just one among many, all distinguishing the various regions and provinces one from another. All provinces, in this popular English Canadian conception, deserve equal constitutional treatment, although this has never completely been the case in actual constitutional law. Similarly, all Canadians, wherever they live, deserve equal rights and equal protection of the laws. Over the past several decades English Canada has had to come to grips with Quebec's obvious unease, sharpened by the 1976 election in Quebec. The three-part solution put into place by Prime Minister Pierre Trudeau between 1968 and 1984 has been highly compatible with the predominant English Canadian sense of the country.

The first Trudeau measure was official bilingualism, formally incorporated in the Official Languages Act of 1969 that committed the

federal government to function in both official languages. Official bilingualism has never been without irritations and opponents in English Canada. Some English Canadians resisted the notion of a minority language receiving such status. Others feared the loss of federal jobs to francophones and bilinguals. Still others chafed at the presence of French services in areas of the country where little French was spoken. But many considered official bilingualism to be a fair price to keep the country together. Many English Canadian parents, seeing bilingualism as a national and personal asset, voluntarily sent their children to special French immersion schools.

Moreover, official bilingualism could be interpreted in accordance with the predominant English Canadian conception of the country: French was not just the predominant language of Quebec, but was one of the two languages spoken by the Canadian people (including many inhabitants of New Brunswick and Ontario) and its government. This sense of a Canadian people being characterized by its diversity was further strengthened by the official adoption at both the federal and provincial levels of "multicultural" policies. Canadians were not just predominantly English and French speaking, but were of French, British, other European, Asian, African and American stock and cultural heritage. Quebecers may have been distinctive, but so were Portuguese Canadians in Toronto and Ukrainian Canadians in Saskatchewan.

The second element was constitutional protection of civil rights, including language rights. The Constitution Act of 1982 placed within the "entrenched" (difficult to amend) portion of the Canadian constitution a Charter of Rights and Freedoms, which operates similar to the U.S. Bill of Rights in many ways. Courts were given the right to strike down federal and provincial legislation incompatible with the provisions of the Charter. This partial Americanization of Canadian constitutional law was a break with the past. Nonetheless, in the years since 1982 the Charter has been warmly embraced, especially in English Canada. The Charter is now seen in English Canada not only with immense pride but also quite literally as a defining element of the Canadian identity.

The third element of the Trudeau policy has been controversial in both Quebec and English Canada. This entailed the assertion of the power of the federal government as the government of all Canadians, French and English-speaking, occasionally at the expense of provincial governments. When Quebec refused to assent to the Constitution Act of 1982, Trudeau argued that Quebecers were not represented in Quebec City alone, but also by their elected representatives in the federal House of Commons, including Trudeau himself, who supported the Act. English Canadians who worried about holding their country's disparate



regions together, and about the pervasive influence of the U.S. in Canadian life, celebrated the Trudeau government's often nationalist policies, including the establishment of the Foreign Investment Review Agency and Petro-Canada, and the creation of the National Energy Program (NEP) to "Canadianize" the oil and gas industry, regulate prices in favor of consumers, and capture energy revenues for federal purposes.

Many other Canadians were aghast. This was especially the case in Western Canada, where Trudeau's Liberal party all but disappeared as an electoral force. Over 60 per cent of Canada's population is located in Ontario and Quebec, as is most of its wealth. With most of the seats in the House of Commons also allocated to central Canada, citizens of Atlantic and especially Western Canada have longed believed that Ottawa tends to ignore their interests in favor of the two central provinces. Many in the west saw the NEP as the classic example.

Yet the preferred Western Canadian option has generally not been to deprive the federal government of powers allocated to it by the Constitution. Rather, the western solution to the dominance of Ontario and Quebec has been for a number of years to strengthen the influence of Canada's less populated regions through the establishment of a more powerful federal upper house. Members of Canada's current, and until recently, docile Senate are appointed by the prime minister to hold office until the age of 75. The lion's share of the seats (although not a majority) are allocated to Ontario and Quebec. A "triple-E" Senate (elected, more equally representative of the less populated provinces, and efficient) is a watchword in the west.

With the notable exception of this dispute over the manner in which federal power should be exercised, by the mid-1980s many English Canadians took the essential constitutional questions, especially those pertaining to English-French-relations, as having been settled. Not only had they conceded official bilingualism, but a Charter of Rights was also established which, among other provisions, provided protection for the anglophone minority in Quebec and the francophone majority outside it.

To English Canada, Quebec seemed to have accepted the solution as well. Having rejected sovereignty in 1980, the Quebec electorate eventually turned the Parti Québécois out of power in 1985 and voted in the federalist Quebec Liberal party of Robert Bourassa. The Parti Québécois seemed finished. As the Quebec political scientist, Daniel Latouche, characterized the perceptions of just a few years ago: "Frustrated at the polls, its option soundly defeated in the 1980 referendum, its charismatic founder René Lévesque dead, the party had seen its

membership crumble to 50,000 and its finances go deeply in the red. In short, it had nowhere to go but into the political oblivion to join all those political Cinderellas which monopolized attention for short burst of time."<sup>4</sup>

English Canada could see and often marvel at the fact that Quebecers seemed to have become pre-occupied with making money. Political consciousness was "out", business was "in", as Quebec turned to what Marc V. Levine has described as "an unabashed celebration of Francophone capitalism and capitalists."<sup>5</sup> Quebec's stars were a new breed of private entrepreneurs, the so-called *garde montante*. The growth of this class gave Quebec a new confidence in its own economic potential. The proposed Canada-U.S. FTA was avidly supported in a Quebec which now felt ready to compete in the North American market. In such a business-oriented climate, who would want to endanger the political and constitutional status quo?

Quebec was indeed politically quiescent. But its perceptions of Canada and of its own place in Canada had not changed. Nor had it been forgotten that the Constitution Act of 1982 had been adopted without the consent of the Quebec government and National Assembly.

Most Quebecers, far from seeing themselves as just another element of Canada's great diversity, or as the main French-speaking branch of the Canadian people, regard themselves as distinct. The terms vary: "people", "nation", "distinct national collectivity", or in the contentious Meech Lake formulation, "a distinct society." This has not necessarily precluded a political, or even emotional attachment to Canada.<sup>6</sup> But, where it exists, it is an attachment of a different kind from the English Canadian whose identity is, in the first instance, Canadian. Quebecers sometimes postulate the existence of a counterpart English Canadian "nation", which never existed but which may painfully be called into existence if Quebec leaves. Many believe, of course, that the Quebec nation should live in a sovereign Quebec. The belief of other Quebecers that Canada can accommodate their collective distinctiveness has been shaken by the Meech Lake fiasco.

Lest this talk of distinctiveness and nationhood sound like simple romanticism, it should be added immediately that the classical elements of nationalism are also in play. Sociologists and economists observe that nationalist movements tend to serve the interest of established elites.<sup>7</sup> Quebec is no different. The transfer of power from Ottawa to Quebec would serve the interest of a Quebec-based elite. In the past, Quebec nationalists have included in their ranks provincial politicians, public servants, management-level employees of Quebec public corporations, and trade-union leaders (the so-called "state middle class") as

well as members of artistic and academic worlds. What few people outside of Quebec foresaw— but should have seen in the light of the numerous studies of nationalism— was that many members of the new Quebec-based business class, with their emerging orientation to the U.S. and global markets, eventually would become sympathetic to the nationalist call. The extent of that sympathy, though, may remain limited by concerns over Quebec's economic future.

It also needs to be added that Quebec continues to feel culturally and linguistically threatened by English-speaking North America. The necessity for such fears, and especially the legitimacy of the ways in which the Quebec government has responded to them, have been the subject of extensive debate. Nonetheless, few have seen Canada's official bilingualism, or even the growth in the number of bilingual anglophones outside Quebec, as sufficient protection for their language and culture. Quebec has continued to rely in part, therefore, on legal promotion of the French language and legal restrictions on the use of the English language which would become the source of misunderstanding and hostility in English Canada during the Meech Lake imbroglio.

Pierre Trudeau has called Brian Mulroney a "sorcerer's apprentice" for unleashing forces in the 1987 Meech Lake constitutional package which he could not control. The description is apt, although given the divergent conceptions of the country the Trudeau solution was probably bound to unravel eventually. Pierre Fournier has concluded that "Pierre Trudeau's genius lay in camouflaging Canada's incompatibilities and contradictions for almost two decades, thereby making possible the momentary triumph of a vision that matched neither the aspirations of either Quebec or English Canada."<sup>8</sup> There is much truth in this, although Fournier is implicitly too dismissive of the aspirations that most Quebecers and English Canadians have had, and may still have, to work out their differences and remain together.

With the Meech Lake Accord Mulroney sought to secure Quebec's formal approval of the Constitution (which nonetheless legally applied to it) and thus make fundamental, long term constitutional peace with the province while leaving the door open to further changes at the behest of other regions and Canada's aboriginal peoples. Most of the elements of Meech Lake were based on a set of "minimal demands" which the Bourassa government, after initial reluctance, put forth in 1986. Still, several of the elements of the Accord, which was approved in 1987 by all ten provincial premiers as well as the prime minister, addressed concerns held not only by Quebec. In the future the federal government was to appoint justices of the Supreme Court of Canada and members of the Senate from lists drawn up by the provincial governments. While far

from a "triple-E" Senate, it was a very small step in that direction. The federal spending power in areas of provincial jurisdiction was to be restricted. Provinces would be able to "opt out" of federally funded programs and be guaranteed compensation, as long as they established their own programs meeting national standards.

These reforms were not far-reaching. Nonetheless, they were attacked by many English Canadian proponents of a strong federal government as potentially debilitating. Another provision responding directly to a Quebec concern was even more controversial. All provinces were to be granted a veto over future constitutional amendments of the most sensitive kind, thereby restoring, or establishing, depending on historical point of view, Quebec's veto. While respecting English Canadian notions of the juridical equality of the provinces, the provision was attacked as "putting a straitjacket" on the constitution.

Yet it was the "distinct society" provision that produced the greatest controversy by far in English Canada. The Accord stipulated that "The Constitution of Canada shall be interpreted in a manner consistent with...the recognition that Quebec constitutes within Canada a distinct society." No doubt out of the realization that such recognition flew in the face of predominantly English Canadian notions of the country, the Accord also stipulated that the Constitution should be interpreted consistent "with the recognition that the existence of French-speaking Canada, centred but not limited to Quebec, and English-speaking Canada, concentrated outside Quebec but also present in Quebec" constituted a fundamental characteristic of Canada.

Resistance to the constitutional recognition of Quebec's distinctiveness intensified as a result of a decision on language policy taken by the Bourassa government while the Meech Lake Accord was still under legislative consideration. On 15 December 1988 the Supreme Court of Canada struck down provincial legislation banning English language and English-French signs as violating the Charter of Rights of Freedoms. Three days later Bourassa announced that the Quebec National Assembly would make use of the "notwithstanding" clause of the Constitution Act allowing Charter protection to be set aside, and would enact new legislation banning outdoor signs in any language other than French.

Constitutionally, use of the "notwithstanding" clause to override the Charter was completely legitimate. (Ironically, the clause had been inserted in the 1982 Act at the behest of English-speaking provinces.) The necessity to continue to protect the French language was widely supported in Quebec and many thought the new Quebec law did not go far enough because it relaxed restrictions on indoor signs.

But the Bourassa government's decision struck at two English Canadian conceptions. The sanctity of the Charter and the equal protection it was supposed to afford all Canadians had been violated. If Quebec already had the right to damage Charter protection, what else could it do if the Constitution were to be interpreted in accordance with its distinctiveness? Why should Canada be officially bilingual (with all the intendent impositions on English Canadians) if Quebec was to persist in a restriction of the use of English?<sup>9</sup> Bourassa's decision gave Manitoba's recently-elected minority government the opportunity to withdraw consideration of the Accord from the provincial legislature; four months later a newly-elected provincial government actually rescinded Newfoundland's prior approval.

Meech Lake was intended to be "the Quebec round" of constitutional reform. But Quebec now appeared to English Canada to be once again "the spoiled child of Confederation." Alone among the provinces it demanded recognition of its distinctiveness. It reserved the right to restrict the use of English. And the Accord would grant it a constitutional veto.

This perception of Quebec selfishness was intensified by the continued refusal of the provincial government to countenance any changes in the Accord, although it pronounced itself ready to enter into new constitutional discussions once the Accord was ratified and its veto in place. Proposals to strengthen the Charter against the use of the "distinct society" clause were spurned by the Bourassa government. So were claims by aboriginal Canadians that their grievances also required immediate constitutional treatment. These grievances were dramatically underlined when an aboriginal member of the Manitoba legislature used procedural rules to prevent a last-minute consideration of the Accord.

Thus the Meech Lake Accord died an incredibly messy death in the late spring of 1990. Constitutionally, it died when the Newfoundland and Manitoba legislatures failed to ratify it. This is not the place to chronicle the sorry, degrading events of that spring; the desperate, closed-door, week-long conclave of the prime minister with ten provincial premiers, the last-minute maneuvering by the Mulroney government, and the futile appeals to the two hold-out legislatures.<sup>10</sup>

### **Canada's last chance**

Stung at what it considers a rejection of its distinctiveness, Quebec has come to the conclusion that the current constitutional arrangements are no longer acceptable. On the day Meech Lake died, Bourassa announced: "We are at a critical point in our history. The

decision to reject the Meech Lake Accord calls into question our political future." At the time he also indicated that the Quebec government would no longer participate in federal-provincial meetings but would only deal formally with the federal government alone.

Shortly thereafter, Bourassa secured the agreement of the Parti Québécois to establish a bipartisan Commission on the Political and Constitutional Future of Quebec. Under the co-chairmanship of Michel Bélanger and Jean Campeau, two members of the new business establishment, the panel included among its members Bourassa, Jacques Parizeau the Leader of the Opposition, labor leaders, representatives from federal political parties and a representative of the artistic community. The Bélanger-Campeau Commission's extensive hearings galvanized public attention in 1990 and 1991, providing a forum for an outpouring of demands for changes, most often including Quebec sovereignty. Many argued that a sovereign Quebec would be economically viable, a claim sometimes endorsed by American investment houses. Public opinion polls also showed widespread support for sovereignty.

In a report released in March, 1991, the Commission concluded that: "The vast majority of briefs received and testimony heard by the Commission emphasizes the unacceptable nature of the current constitutional arrangements and stresses the need to thoroughly alter the legal framework which establishes Quebec's powers and responsibilities and responsibilities, its political status and ties with the federal government and provinces."<sup>11</sup> Because of a split between sovereignists and those prepared to give the Canadian federal system one last chance, the Commission was unable to endorse a single constitutional option.

To break the stalemate and redefine its political and constitutional status, Quebec has only two choices. Under the first, Quebec would seek acceptance of the redefinition of its status within the constitutional framework of the Canadian federation. Such a course of action presupposes that its integration in the Canadian political system be maintained, but significantly modified. The second solution would entail Quebec's withdrawing from the constitutional framework of the Canadian federation, with or without the consent of the rest of Canada, with a view to acceding to full political sovereignty and becoming a State independent of the Canadian State, open to the establishment of economic ties with the latter.<sup>12</sup>

The Commission called for a referendum on sovereignty be held in 1992. Responding to this report the Bourassa government enacted Law 150, providing for a sovereignty referendum to be held either between 8-22 June or between 12-26 October 1992. It states further that if a "yes" vote prevails "Quebec will acquire the status of a sovereign state" precisely a year later.<sup>13</sup> At the same time the Bourassa government has stated explicitly (and implicitly in the cautious and extraordinarily lengthy preamble to Law 150) that it will remain open to a proposal emanating from the federal government and the nine other provinces to restructure the country politically. If such a proposal is acceptable to the Bourassa government, it could introduce legislation to hold the referendum on the Canadian proposal rather than on sovereignty. Alternatively, Bourassa could call a provincial election. The Law established two committees of the National Assembly, one to study accession to sovereignty and the other to scrutinize a proposal from the rest of the country.

In short, the Bourassa government is prepared to give Canada "one last chance," and it will probably delay holding the referendum until October 1992 in order to give English Canada more time. Indeed, it is being assumed both inside and outside Quebec that if English Canada appears well on the way towards formulating a proposal, Bourassa may have the referendum postponed.

Should such a proposal emerge, it will, of course, automatically draw opposition from the Parti Québécois and other committed sovereigntists as insufficient. But it will face tough scrutiny by Quebec federalists as well, including those in the current provincial government. Early in March, 1991, the Quebec Liberal party adopted a constitutional position that made Meech Lake look pale by comparison. The Allaire Report recommended gutting Canadian federal authority over Quebec. Ottawa would be left with exclusive constitutional jurisdiction only over defense, customs, debt management, and equalization payments to the poorer provinces. It would be obliged to share with Quebec jurisdiction over aboriginal affairs, revenue and taxation, financial institutions, justice, fisheries, foreign policy, transportation, post office and telecommunications (some of which already are shared jurisdictions). To Quebec's existing powers over social and urban affairs, culture, education, housing, recreation, family policy, natural resources, health and tourism would be added exclusive powers over agriculture, unemployment insurance, communications, regional development, energy, the environment, language, research and development, public security, and revenue security. As in the Meech Lake Accord, a Quebec veto over constitutional amendments would be put in place. Going further than that proposal, Ottawa would be forbidden to spend money in areas of

Quebec's jurisdiction. Finally, the Bank of Canada would be reformed to include provincial representation.<sup>14</sup>

Even if viewed as Quebec's opening bargaining position, it would be hard to see how English Canada could come close to accepting such an arrangement. According to the respected *Globe and Mail* columnist, Jeffrey Simpson, the Allaire proposals were "dead on arrival outside Quebec. They would so emasculate the federal government, so radically dismember Canada and give so much particular latitude to one province—Quebec—that Canadians would be suckers or idiots to even contemplate a deal. Better separation, with all the anguish and bitterness it would bring, than the laughingstock of a country contemplated in this report."<sup>15</sup>

Throughout the winter of 1990-1991 public opinion polls in English Canada tended to support Simpson's point of view, with majorities declaring themselves prepared to see Quebec go rather than granting it special constitutional status. Further confirmation that many English Canadians are reluctant to surrender their vision of the country to accommodate Quebec was provided in the June, 1991, report of the Spicer Commission, which the Mulroney government had established and called upon to encourage public discussion of Canada's future. "For most participants outside Quebec," the Spicer Commission reported, "Quebec's continued presence in confederation cannot be bought at the price of damaging or destroying those things they value most about the country, and in particular, must not be bought by sacrificing individual or provincial equality. This message could not be more clear..."<sup>16</sup> A massive transfer of power from the federal government was no more popular, the Commission also reported. "The desire of the majority of participants outside Quebec is for a strong central government which will act with resolution to remedy the country's economic ills, help to unify its citizens, and reduce the level of division and discord among groups or regions."<sup>17</sup>

In April of 1991 Mulroney entrusted to Joe Clark, former Prime Minister and External Affairs Minister, the task of pulling together a constitutional package that could hold the country together. A special cabinet committee on unity was also set up. Clark is expected to issue a policy statement early in the fall of 1992. The recommendations will be taken on the road for hearings by a special parliamentary committee. Presumably Clark's modified proposals will form the basis for an accord among the nine English Canadian provinces and the federal government which can be taken to Quebec sometime in late 1992.

The list of constitutional questions to be addressed is formidable. It includes the reform of central institutions, especially the Senate,



aboriginal rights, the process of constitutional amendment, bilingualism, and the application of the Charter of Rights and Freedoms. Yet two issues stand out as the most difficult. The first is recognizing Quebec's distinctiveness, which, the Bourassa government says, remains critical. As with Meech Lake, such recognition could again be resisted in English Canada. On the other hand, an elaborate formula might be crafted that recognizes not only Quebec's distinctiveness but also the defining characteristics of Canada, its regions and its people.

No doubt the most contentious item will be the division of powers between the federal government and the provinces.<sup>18</sup> If Quebec is to remain in Canada, there appear to be three approaches to draw upon, singularly or in combination. The first is *across the board decentralization*. This would preserve the notion of provincial equality but could vastly weaken the federal government, a step many in English Canada would not be prepared to countenance. The second is *asymmetrical federalism*, whereby not all provinces would have the same powers. Quebec would opt for a full range. The attraction of such an approach is that it could leave the federal government with a broad role in the nine provinces outside Quebec. However, it flies in the face of English Canadian conceptions of provincial equality and would raise questions about the role of Quebec members of the federal parliament voting on matters not affecting Quebec. A variant of this entails using "concurrent jurisdictions"; all provinces would have the right to exercise powers that otherwise would be federal, but not all would opt do so. While such flexibility has obvious attractions, it would result in what has been called "checkerboard federalism." The third is *policy rebalancing*, whereby powers would be transferred to the provinces but the federal government would also obtain new authority in certain areas. At the moment it is hard to see which powers Quebec would be prepared to cede.

Faced with choosing between their conceptions of their country and its breakup, English Canadians may modify their opinions. Their irritation with Quebec may cool. Quebeckers may worry about the economic viability of a sovereign Quebec, despite the initial torrent of reassurances, and may even find their residual attachment to Canada to be stronger than it often has appeared to be since the collapse of the Meech Lake Accord. They may find Quebec too small a country for their aspirations. And their feelings of being rejected by English Canada may fade. Indeed, throughout 1991 the number of Quebeckers expressing support for sovereignty has declined. The Mulroney government, with Clark often at the fore, will spare no effort to negotiate a deal and to sell it across the country. The new constitutional package may be more acceptable to English Canada than Meech Lake if it is seen as a true

"Canada round" of constitutional change, and not just one responding to Quebec.

Still, the breakup of Canada is closer than it ever has been. It will be heartbreaking for many if, over the course of the next year, most English Canadians and most Quebecers discover that they still want to live in the same country but simply cannot find a constitutional vision of it that they share. At this point, despite the current optimism among federalists, the possibility of such an outcome simply cannot be discounted. The following sections deal with that possibility.

### **IF QUEBEC OPTS FOR SOVEREIGNTY: PURSUING U.S. INTERESTS**

The U.S. has a basic interest in the economic health of the country or countries to its north, coupled with a free flow of goods, capital and services across the continent. It must be able to provide for defense against external military threats to the continent. Canada is not only the most important trading partner of the U.S., buying many more U.S. goods than any other country in the world and selling Americans more goods than any other country except Japan, but it is also the most important location of U.S. foreign investment. Canadian territory, air-space and waters remain critical to the defense of the U.S. A host of other U.S. interests would be affected, including some beyond North America.

If Quebec opts for sovereignty, the U.S. will want to continue to pursue close relations with both Canada and Quebec, including the extension of the current Canada-U.S. FTA. To the extent of its quite limited abilities, it will also want to gently encourage as close an association as possible between Quebec and Canada. A Canada-Quebec association could be useful, although it is by no means essential to U.S. trading, financial and (possibly) military interests in Canada and Quebec. It could be useful in assuring that Quebec and Canada continue to pay off the external portions of the current Canadian federal debt. It could, as well, help serve as a bulwark against the longer-term possibility of anti-American sentiment in Canada, and even the further breakup of Canada.

It is a fair assumption that upon Quebec's departure the rest of the country would decide to try to make a go at remaining under the same flag. At this point there is no reason to believe that English Canadians are prepared to give up immediately on their country. As John Holmes, the distinguished Canadian scholar and former diplomat, calmly speculated years ago:

The common assumption that a truncated Canada would have no alternative than to be swallowed up in one or two parts in the great Republic cannot be dismissed but should not be taken for granted. Canadians would suffer from a wounded image, but they would retain many of the natural advantages of remaining on their own, e.g. more oil and less homicide. There could be a feeling of relief. The idealists would feel deeply the failure of the bicultural endeavour, but other might see a new world opportunity opening up—rather like the Dutch and the Belgians when they looked back on lost colonies as a burden rather than an advantage. This new national enthusiasm, however, would, by reason of the exigencies of a curious geography, be tempered with pragmatism.<sup>19</sup>

Canada would indeed be a geographically curious country, with Quebec lying between Atlantic Canada and the rest of the country. Half of the population would live in Ontario, posing a heavy strain on the functioning of the federal system. The national myth, expressed in the national motto *a mari usque ad mare* (from sea to sea), would be shattered. The conception of Canada as an English-French partnership, upon which a good deal of the Canadian international and self-image has rested, would be all but gone. The pull of the U.S. would be strong; the nagging questions about English Canadian identity in the face of a gargantuan U.S. would be just as perplexing as ever.

One solution with very deep roots in Canadian history would be to emphasize the differences with the U.S. As Simpson has put it, some Canadians will try to find national distinctiveness in "a neutralist, anti-American (or something close to it) foreign policy, more public sector involvement in the economy, greater egalitarianism in social policy: a kind of North American Sweden with a few distinctly Canadian hangups."<sup>20</sup> On the other hand, in the long run the task of maintaining Canada without Quebec may prove too great and the country could fissure along other lines.

Neither a more anti-American Canada nor one breaking into more pieces would be in the interests of the U.S. Eventually, parts or all of Canada might be drawn into the U.S. For many Americans it will be gratifying once again to contemplate the image of the Stars and Stripes flying from the Rio Grande to the North Pole. But the process of a further Canadian breakup would come at a cost to the U.S. The Canadian internal market could be disrupted, while the U.S. would have to deal with several mini-states. Moreover, it is not at all clear that a failed Canada,

with different social policies and a tradition of supporting poorer regions through equalization subsidies, could be painlessly incorporated into the U.S. federal framework. To be sure, should the day ever come when parts of Canada applied for admission to the Union, it could be very difficult to refuse them entry. But surely from the U.S. perspective it would be preferable to pursue the closest of relations with both Quebec and a prosperous, united Canada.

Nonetheless, the ability of the U.S. to affect Canada's long-term future is not great, and Washington's ability to pursue a long-range policy would be constrained. Two U.S. policy responses suggest themselves. The first— and ideally also a general guiding principle for U.S. policy towards Canada should Quebec depart— would be for the U.S. to pursue as warm and close a relationship with Canada as Canadians desire, without crowding it or consciously threatening its identity. For example, from the point of view of long-term Canada-U.S. relations it might be wise for the U.S. to retreat from renegotiating the sections of the FTA pertaining to cultural industries.

More realistically, though, in the face of U.S. domestic economic interests, such a U.S. policy response often would be difficult if not impossible to pursue. Senator Lloyd Bentsen of Texas is reported to have said that "the days are over when the United States will subordinate a domestic economic interest to a geopolitical one."<sup>21</sup> Adds Allan Gotlieb, former Canadian ambassador in Washington: "What this means is that the U.S. is no longer willing to sacrifice an economic interest for foreign-policy purposes or the advancement of its national security."<sup>22</sup> In short, Canadians could expect from Washington a good measure of sympathetic understanding which would not necessarily translate into sympathetic policies.

Second, to the limited extent that it can be undertaken without violating the first principle, Washington might gently encourage Canada to enter into political and economic association with Quebec. Quebec sovereignists, of course, have long argued for such a step to accompany independence, although in recent years they have taken to emphasizing that a sovereign Quebec would be economically viable even without a close formal association with Canada. A good many models have been offered over the years, emphasizing the free movement of goods, capital and persons, facilitated by joint institutions. In some the joint institutions would be managed by delegates from the sovereign participating states, while in others there would be a popularly elected legislature. Some envisage a Canada-Quebec association; others are based on a Canadian community constructed from Canada's several regions.<sup>23</sup>

Tearing apart the Canadian economy along with the Canadian state would not make much economic sense. For this reason it would be in Canada's interest to enter into association with Quebec. Moreover, the Canadian sense of being an east-west country, while badly damaged by Quebec sovereignty, at least might be partially buttressed by an intimate relationship with Quebec with few restrictions on the passage of goods, service, capital and people, and facilitated by as many joint or harmonized policies and institutions as possible.

While Canada-U.S. economic flows have strengthened in recent years and are bound to intensify further, east-west links cannot be discounted. This is especially the case in Quebec. For example, in 1984 the province shipped 26 per cent of its manufactured goods to the rest of Canada (principally to Ontario), and 21 per cent to other countries (principally to the U.S.). By way of comparison, Ontario shipped 8 per cent of its manufactured goods to Quebec and a huge 31 per cent to other countries, (most notably automobiles and parts to the U.S.). But trade flows only tell a small part of the story. The Bélanger-Campeau Commission underlined "the extent of interprovincial operations in Canada. Because any firm established in Canada can set up business, buy, sell and obtain financing wherever it wishes, many companies operating in Quebec also maintain branches elsewhere in Canada. Interprovincial dealings are especially strong between financial institutions, which channel savings to private and public sector borrowers across Canada."<sup>24</sup>

But there could be two strong factors working immediately against an extensive association. The first would be potentially irreconcilable differences over political power within an association between federal Canada and sovereign Quebec. For example, the government of Quebec would expect to be represented on a joint monetary authority. But the governments of Canadian provinces could make similar demands. Such logic leads to the general decentralization of Canada. As discussed in the last section, many English Canadians are reluctant now to decentralize in order to accommodate the interests of the province of Quebec. They could be even more reluctant to do so in order to adapt the Canadian structure to the interests of sovereign Quebec. Western Canadians, who do little business with Quebec, could be especially hostile. For this reason, a common Canada-Quebec monetary authority could be extremely difficult to establish. Quebec would then have to choose between using the Canadian dollar or establishing its own currency, closely pegged to the Canadian or U.S. dollar to establish its credibility. Ironically, then, a sovereign Quebec would probably have less influence over monetary policy than it does now as part of Canada.<sup>25</sup>

Anger could be another factor working against a close Canada-Quebec association. Regardless of economic self-interest, English Canada might be in no mood to negotiate anything other than a clean break, tolerating an association with Quebec based on little more than free trade. Then would come the not-to-be-minimized task of investing authority in some body to negotiate on behalf of English Canada. Which could it be? The nine provincial premiers from English Canada? A federal government in which Quebec would still be represented, and perhaps still headed by a prime minister from Quebec?

Again it is hard to judge what the mood would be. This is all the more so because of the confusing mixture of conviction and bluff present in the Canadian debate today. English Canadian politicians say they will never negotiate association; Quebec sovereignists rejoin that this is bluff designed to scare Quebec voters. At the same time many in English Canada are convinced that the talk of sovereignty in Quebec is itself bluff designed to produce constitutional concessions by English Canada. If neither side is truly bluffing, this game of political "chicken" could have an unhappy ending.

Even if tempers cooled in the longer run, it might be lack of interest that would make a close Canada-Quebec association unsustainable. English Canada and Quebec tend to be surprisingly uninformed and uninterested in each other's affairs. What has drawn them together has been the task of managing the common state they share. With that state gone, the effort needed to maintain anything more than the very basics of an economic relationship could fade. This will become all the more the case if trade flows are more and more oriented towards north-south over the long run.

Lisée writes that if Quebec had opted for sovereignty in 1980, Washington would have "pressed" Ottawa to negotiate an association.<sup>26</sup> But "press" is far too strong a word. Washington would not possess the levers to press English Canada on such a fundamental matter, and here, too, the danger of producing English Canadian resentment would be too strong. For the most part, all the U.S. could do is offer encouragement, though it would have at least one inducement to offer. It could assure English Canada that if some arrangement were found whereby Canada and Quebec could still speak with one voice in international economic affairs—one voice that also reflected a substantial amount of integrated economic authority in Canada-Quebec—that voice would still be entitled to speak at the gatherings of the Group of Seven industrial nations and related forums. Participation in such forums has been important to Canada, if only to confirm its status as the smallest of the great industrial powers. The European Community is represented at these gatherings. If it were to emerge, a Canadian Community might also have a seat.

## Entering into discussions with Canada and Quebec: worst case scenarios

Assuming a "yes" vote in a 1992 sovereignty referendum, Washington would need to make a careful decision about when it would be appropriate to enter into negotiations with both Canada and Quebec. A delay would almost certainly be necessary, in order to be respectful of English Canada's trauma and Canada's status as a sovereign state still for the moment including Quebec, and to await the opening of Canada-Quebec negotiations. Yet because Quebec sovereignty itself as well as the new Canada-Quebec relationship would have an impact on relations with the U.S., it would make sense for Washington to suggest that it be included in some unobtrusive, parallel fashion. Ideally, from the U.S. perspective, both Canada and Quebec, with their own negotiations underway, would invite Washington to talk. A delay in entering the discussions would also give Washington the chance to consider its own interests and policy, perhaps in the form of an interagency "country study."

For Washington, a breakdown in the Canada-Quebec talks over the terms of independence could produce a difficult situation if Quebec issued a unilateral declaration of independence (UDI) and called for international recognition. This sounds alarmist, a throwback to the lurid scenarios tossed about in the late 1970s. But even the Bélanger-Campeau Commission coolly discussed such a possibility. Negotiating an independence agreement with Canada after a "yes" vote and allowing Canada to use its constitutional processes to write Quebec out of the federation would be far more preferable.

[But] failing such an agreement, Québec would have to secede unilaterally, on the basis of an unequivocal, clearly expressed will among Québécois to do so. The success of such a procedure would reside in the ability of Québec's political institutions to implement and maintain public authority over its territory. Under international law, other States would have to recognize Québec as a sovereign state.<sup>27</sup>

Causes for a breakdown of the talks readily can be imagined: disputes over the division of federal assets in Quebec, or over the formula to be used for apportioning Quebec's share of the colossal Canadian federal debt. Some English Canadians have suggested that Quebec would be entitled to no more territory than it had upon entering the Canadian federation in 1867. This would entail the loss of a vast

northern region that includes the James Bay hydro-electric facilities. Recently, aboriginals in this region have indicated that they might not countenance being included in the territory of a sovereign Quebec. For its part, Quebec has never accepted a decision by British judges in 1927 that granted most of Labrador to Newfoundland.

At this point it is impossible to say how Washington would or should react to such dramatic developments. They may never occur. But should Quebec reach a firm decision to become sovereign, any temptation towards ruthlessly hard bargaining no doubt would be tempered on both sides by the realization that such stances would damage chances for a close and productive relationship between the two interdependent countries.

### **Trade and investment issues**

It would be astonishing if the U.S. did not respond favorably to a Quebec proposal to continue the current free trade arrangements after the province became sovereign. A new Quebec-U.S. agreement would have to be negotiated. Early on in discussions with the Quebec government and perhaps publicly, it would be wise for the U.S. to address the potential for a fundamental disagreement over American expectations for the *future* of the Canada-U.S. FTA currently being negotiated by Ottawa and Washington, including the movement to include Mexico, and the maintenance of provisions extending beyond the simple movement of goods.

According to Quebec sovereignists, removing Ottawa's authority in Quebec would put the instruments of economic development more fully in the hands of Quebecers who in turn could take greater advantage of the opportunities presented by free trade with the U.S. The Parti Québécois leadership supported free Canada-U.S. trade partially because it would reduce economic dependence on Canada. In 1980 many Quebecers voted against sovereignty-association out of fear that Quebec was too economically dependent on Canada to risk sovereignty. Sovereignists saw free trade with the U.S. as a way to reduce those worries.

After sovereignty, a central issue in Quebec-U.S. economic relations could be the relationship between the Quebec government and the private sector. The potential exists for a sovereign Quebec, determined to take a more active hand in shaping its destiny, to pursue an economic development that puts it at odds with U.S. conceptions of the nature of free trade. Following Quebec's "Quiet Revolution" in the 1960s and in the absence of a francophone business class, the Quebec govern-



ment played a central role in economic development. The trend in recent years has been away from a policy of *dirigisme*, especially since the election of the Bourassa government in 1985 which launched a round of privatization of government-owned corporations. Many would argue that the Quebec private sector during the 1980s has matured to the point that the need for government assistance and involvement has declined. But Fournier, perhaps the pre-eminent academic chronicler of the evolution of government-business relations, differs.

Recent events clearly show that the state still plays an essential role in the progress of francophone firms and of the Québec economy in general...Québec's industrial structure is still largely deficient, the technical revolution is far from being complete, and the gap between Québec and Ontario is very considerable. The gains are fragile and the private sector has proven incapable of presiding single-handedly over the balanced economic development of the province or of taking up the challenges now facing Québécois society.<sup>28</sup>

The issue has to be treated with great care. To repeat, many in Quebec would challenge Fournier's analysis and the policy prescriptions that logically flow from it. But it would be wise for the U.S. to make clear its understanding and expectations for a mutually beneficial Quebec-U.S. agreement. It would be far more preferable for these matters to be freely discussed at the point of establishing the new Quebec-U.S. relationship than for them to arise in the future, with the U.S. bringing to bear its enormous economic clout against a Quebec that felt bullied. Two potential areas of disagreement concerning government involvement in the economy stand out: subsidies and other trade distorting practices, and investment policy.

The Canada-U.S. Free Trade Agreement of 1988 (FTA) is incomplete. At the same time, it is more than just a trade agreement. It provides for the removal of all tariffs over a ten-year period and includes a host of other provisions, among them liberalization of the regulation of services, investments, and energy. Non-tariff barriers, including the imposition of countervailing duties and the definition of countervailable subsidies, are another matter. During the free trade negotiations the two countries were unable to agree on a code of economic conduct regulating them, although they were able to put into place bilateral dispute settlement mechanisms that review the application of national trade remedy law.

Chapter 19 of the agreement also provides for a Canada-U.S. working group to develop rules for dealing with subsidies, countervailing duties and other non-tariff barriers and to submit its recommendations to the two governments between 1993 and 1995. If those negotiations are not successful, upon one year's notice either party may terminate the entire FTA.

A sovereign Quebec would presumably become a party to these negotiations. Some of Quebec's current practices will come under discussion, along with those of other provinces and U.S. states. As William Diebold, the American economist, points out:

...among the major issues left unresolved in the Free Trade Agreement are policies and practices by states and provinces, notably discriminatory public procurement and various forms of subsidy to companies locating in their jurisdictions. Thus it is only with the agreement of the states and provinces that the coverage of the FTA can be extended and its principles fully applied. ...states and provinces engage in a good bit of promotional and regulatory activity aimed at shaping the economic activity within their boundaries. Along with cities they give major tax concessions to attract new investors or keep old ones from moving away, and may provide services at public expense as well.<sup>29</sup>

The U.S. will be clearly constrained in its ability to negotiate restrictions on Canadian subsidies by its own domestic subsidy programs. Nonetheless, the direction Washington wants to take is one that will restrict trade diversion by governments. Quebec will need to understand that by acceding to the FTA it acquiesces to a process that may eventually limit further government support of industry.

A potentially thorny issue would probably need to be addressed immediately by the Quebec and U.S. governments. State and provincial non-tariff barriers have been largely exempt from the application of the free trade areas, partially because the two federal governments could not constitutionally commit state and provincial governments. Should it become a sovereign signatory to the FTA, Quebec then could be so bound. If Washington insisted on such a step as a condition for extending the FTA in several areas, Quebec would find itself more constricted than Ontario or New York.

"It is no secret," the Canadian economist, A.E. Safarian, noted, "that the U.S. government aimed substantially to free direct investment

flows and the restrictions on existing firms, as well as to limit what a future Canadian government might do to restore investment restrictions."<sup>30</sup> In this Washington enjoyed a measure of success. Many restrictions on new investments were removed (although many others were "grandfathered"), while the threshold for screening U.S. takeovers of Canadian firms was raised from \$5 million to \$150 million in gross assets. Quebec has traditionally welcomed U.S. capital. Parti Québécois spokesmen in the early 1980s joined U.S. officials in their criticism of the Canadian regulations, recognizing that increased north-south economic linkages and a de-Canadianization of the economy would make sovereignty a more viable option. With the goal of sovereignty achieved, Quebec could worry about the extent of foreign investment in its small economy, in a manner reminiscent of earlier Canadian worries. "Québécois firms are still relatively small and thus liable to takeovers," Fournier writes. "With free trade, especially if there is a marked economic slowdown in the coming years, caution and vigilance are essential. American or other foreign takeovers of a number of local firms would be disastrous for Québec."<sup>31</sup> At the time of negotiating the extension of the FTA to sovereign Quebec, it probably would be wise for the U.S. to review the provisions on foreign investment.

If the FTA is to be formally extended to Quebec still another potentially thorny issue would have to be addressed. The 1988 arrangement provides for *ad hoc* bilateral dispute settlement panels with varying authority. How would a sovereign Quebec participate? The issue may be more difficult than it first appears. If there were to be parallel sets of panels, Quebec-U.S. and Canada-U.S., the possibility would exist that divergent decisions could be reached concerning, for example, the same kind of subsidies. Fully tri-nationalizing the panels would put the U.S. at times in a clear minority position. Would this be acceptable to Washington? From the U.S. perspective, the best solution would probably be to replace Canadian representation with joint Canada-Quebec representation with no increase in the number of seats. Or a formula may emerge from the current Canada-U.S.-Mexico talks for multinational panels.

Upon the departure of Quebec, there would probably be many voices in English Canada calling for withdrawal from the FTA. Free trade currently is unpopular in English Canada, with many attributing the loss of manufacturing jobs, especially in Ontario, to the effects of the deal. A good number of Canadians, especially in Ontario, would argue that the deal should be abrogated in order to reconstitute their wounded country by decreasing its integration with the U.S., to strengthen the east-west ties weakened by the loss of Quebec, to return economic

powers lost in signing the FTA to the central government, and to repudiate fully the Mulroney government and all its works (including the "loss" of Quebec). Free trade, it will be argued, made it economically possible for Quebec to abandon Confederation.

It is hard to predict what the mood of English Canada would be under such circumstances. So it is also impossible to rule out such a step which would inaugurate a very rough time in Canada-U.S. economic relations. Yet it is probably fair to conclude that the FTA would remain in place at least for several years. Western Canada would continue to support free trade, although this support could be partially muted by the election of NDP governments in British Columbia and Saskatchewan. More importantly, many Canadians would convincingly argue that withdrawal from the Agreement would tear apart the framework of Canada-U.S. economic arrangements with no bilaterally acceptable alternative in sight, and would expose Canada to a host of new U.S. demands such as renegotiation of the Auto Pact.

Any public participation in this debate by U.S. spokespersons would probably be both unnecessary and counter-productive. Washington should be prepared, though, to confirm quietly that a Canadian withdrawal from the FTA would be an unwelcome step, that negotiating a replacement would be exceedingly difficult, and that the U.S. would have its own additional concerns to bring to the negotiating table.

### **Foreign policy issues**

In world affairs, the more significant problem for the U.S. arising from Quebec sovereignty would not be the kinds of foreign policies a sovereign Quebec and a diminished Canada would pursue. Rather, it would be the potential loss, at least in the short run, of a confident, influential, and constructive Canadian role. Such could be the case if Canada were to be traumatized by the loss of Quebec, and with it one quarter of its population and economy. Indeed, Fen Osler Hamson and Christopher J. Maule of Carleton University have argued recently that, already, "far from acquiring a new seat at the international table, Canada is in real danger of losing the places that it has worked so hard to secure because of its problems at home and because continuing internal dissension is making its partners nervous. 'From middle power to declining power' might be the more appropriate epithet to describe Canada's position after the Cold War."<sup>32</sup>

The new world order that is emerging in the wake of the collapse of Soviet power and the continued relative decline of U.S. economic if not military power is one that will depend on multilateral architecture, an

old Canadian specialty. The United Nations is reviving at least for the moment, and it may continue to be involved in new regional security structures, if only by providing peacekeeping forces. New and interlocking west-European, pan-European and North Atlantic structures are being created. The international economic system will have to be rescued, lest it break down into regional, protectionist trading blocs. Canada has played a major role in all these forums as an active member of the U.N.'s political and specialized entities, a NATO ally, a member of both the Commonwealth and the Francophonie, a new member of the Organization of American States, and as one the world's leading industrial states with membership in the G7. This has not just been a matter of good international citizenship: Canadians have felt comfortable in multilateral settings where they could attempt to increase their influence by pooling it with that of like-minded states.

Canada might be able to remain a significant player in the world. As discussed above, it is conceivable that a Canada-Quebec Community could play a joint role in world affairs, especially in economic matters, as the European Community does. Even without such a joint arrangement, Canadians may decide to try to play an active role by putting the trauma of Quebec's departure behind them, as Holmes speculated. There is very good reason to believe that both a sovereign Quebec and Canada would, in general, pursue foreign policies roughly congruent to that of the U.S. and much like that pursued in the past by a united Canada. Congruence in U.S., Canadian, and Quebec foreign policies would not be so much a matter of Canada's and Quebec's economic dependence on the U.S. constraining their foreign policies, although this factor could come into play in Canadian and Quebec foreign policy calculations and, in extreme circumstances, in the ability of the U.S. to elicit cooperation. Rather, the U.S., Canada and a sovereign Quebec would all be rich, democratic, North American countries with generally similar global outlooks and interests.

This similarity of outlooks has not at all meant identical foreign policy approaches, nor would it in the future. A sovereign Quebec, in particular, might be less supportive than Canada has been of U.S. security efforts abroad. The old French Canadian resistance towards Canadian military commitments abroad, so evident in the first and second World Wars, has never faded entirely. Quebeckers have never been as supportive as English Canadians of Canadian military involvement in Europe, and during the recent Gulf War public opinion polls showed popular Quebec opposition to the commitment of Canadian forces. Some have also observed that Quebeckers have "been more favorably inclined than other Canadians towards 'progressive' and

'national liberation' movements in Latin America and to the Palestinians in the Middle East. They have been rather less supportive than English-speaking Canadians of Israel in its disputes with the PLO and other Arabs."<sup>33</sup>

In truth, even if a sovereign Quebec were to pursue a foreign policy with a somewhat different orientation than that of the U.S., it would not be a major concern to Washington. Quebec, a country with less than 7 million people, would be much too small a power to worry about, as well as one without regional influence because of its location. With the collapse of the Soviet Empire even a self-proclaimed "neutral" Quebec would not be a deep worry, providing that it were prepared to cooperate with the U.S. in the defense of the continent. Such cooperation is highly likely, as will be discussed below.

Clearly, a major goal of a sovereign Quebec's foreign policy would be to pursue close ties with other francophone states, especially France, and to play a major role as a sovereign member in the Francophonie, the organization of those states. Thanks to Paris-Quebec City ties, it is easy to conjure up images of Quebec, as the "EC's Trojan horse" in economic discussions. To be sure, there will be issues on which Quebec will agree with the Europeans. In particular, Quebec has not shared Canada's hostility towards European agricultural subsidies. Nonetheless, such issues will be quite limited in number because Quebec is so firmly tied into the North American economy.

In all probability Quebec would seek to join the North Atlantic Alliance. Such a step would be reassuring to the U.S. and provide Quebec access to the major forums discussing the future of East-West relations in Europe. After a flirtation with a policy of neutralism, in the 1970s the Parti Québécois adopted a policy plank calling for joining both NORAD and NATO. Indeed, as Latouche has put it, the party has had an "almost compulsive reaffirmation of its attachment to the Western camp and its willingness to respect all defensive alliances, notably NORAD and NATO."<sup>34</sup> With the end of the Cold War, this becomes both less important and less controversial. As a democratic, industrialized state within the North Atlantic region, and as a successor state to Canada, Quebec would be in position to make a very strong case for NATO membership even if it were not able to contribute token armed forces. However, for several years the Alliance might be unwilling to open the door to a new member out of concern that such a step would precipitate immediate membership requests by several East European states whose membership NATO would not yet be prepared to countenance for fear of seeming to threaten the Soviet Union.

Canada might be tempted even more than a sovereign Quebec to pursue a foreign policy somewhat at odds with the U.S., as Simpson

speculated, for the sake of trying to define the country in more anti-American terms. Given the constraints under which Canadian foreign policymakers would be operating in the pursuit of such a policy—a Canadian world outlook generally similar to the U.S., Canada's economic dependence on the U.S., a limited Canadian ability to project influence in regions abroad, and the decline of "neutrality" as a salient threat—any Canada-U.S. foreign policy differences would probably be more gratifying to the Canadian sense of identity than disturbing to Washington.

In addition to encouraging a Canada-Quebec association, the most sensible course of action for the U.S. government would be to seek immediately to engage a sovereign Quebec in close discussions concerning world affairs, appropriate to its status as a sovereign state, a small country, and a friend of the U.S. Perhaps it goes without saying that the U.S. would support Quebec's membership in the U.N. Inviting Quebec to join NATO would also be useful if, as mentioned above, this could be squared with the need to keep the door closed to other members. In Canada's case the U.S. would simply continue the close consultations on foreign policy issues that already occur.

### **Defense issues**

Canada currently has military interests and commitments in Europe and North America. For several decades the Canadian military contribution to the air and land defense of NATO Europe has been slight. With the decline in the Soviet military threat, and with other NATO countries reducing their force levels, Ottawa has been considering several plans to reduce the Canadian contribution to an absolute minimum. This might be as few as 1000 troops, perhaps integrated into a new multinational formation. Ottawa may even decide on having no military presence at all in Germany, relying simply on Canada-based reinforcement troops as its potential contribution.

Therefore, if Quebec leaves the Canadian federation, its departure would have no impact on Canada's ability to support the minimal token force or small reinforcement commitment it is now planning to field in Europe. Even if that contribution were to be withdrawn, the military impact on European security would be scarcely noticeable. Should Quebec opt for its own armed forces, it too could easily maintain a very small token presence in Europe.

In North America, where Canada and the U.S. have long cooperated to protect against strategic nuclear attack, one factor stands out quite clearly: much would hinge on whether a sovereign Quebec were to

opt for the establishment of its own armed forces. There are some good reasons to believe that, under the terms of an association with Canada, a sovereign Quebec might leave defense in the hands of the Canadian government or propose some sort of joint management of the armed forces. Most Quebecers, like most other Canadians, have been generally uninterested in defense issues. The constitutional wars and the arguments in favor of Quebec sovereignty have focused on economics, language and culture, with military matters being very rarely mentioned. Moreover, a newly sovereign Quebec not only might want to try to save money by not having a defense budget, but also might want to reassure Canada and the U.S. of its reliability by leaving the maintenance of armed forces to the two senior North American partners.

Yet there would also be very strong, probably irresistible incentives for Quebec to have its own armed forces. As the *Groupe franco-militaire*, made up of academics and retired senior Canadian military officers, put it in their submission to the Bélanger-Campeau Commission, "it would not be realistic to think that a neighboring state, no matter its identity, would be able to assume tomorrow [military] responsibility for Quebec at no financial cost and without other costs."<sup>35</sup> Ironically many of the arguments often made in support of *Canada's* deploying small, highly professional armed forces could be attractive to a sovereign Quebec. These include: enforcing sovereignty, aiding the civil power, buttressing foreign policy through participation in NATO and peacekeeping, justifying access to American plans for North American defense and to U.S. air defense technology, and using the defense budget as a form of industrial subsidy, especially for the aerospace industry located in the Montreal region.

A number of these arguments are, in fact, included in a recent Parti Québécois statement on sovereignty which calls for a sovereign Quebec to deploy

moderate armed forces (*une armée de taille modérée*), equipped with conventional, non-nuclear forces, which would have the tasks of territorial protection and assisting the population in a natural disaster. A sovereign Québec will offer its forces for participation in United Nations peacekeeping operations.

(Québec) will maintain its commitments to NATO and NORAD, defensive alliances permitting the maintenance of a climate of stability and security which enhances disarmament initiatives.<sup>36</sup>



Even if a sovereign Quebec were willing to forego the creation of its own armed forces, it might be obliged to do it. Two cases come to mind. The first is if Quebec were to leave Confederation in a messy divorce, that is, without a close Canada-Quebec association. Yet even if a close economic association could be arranged, Canada might nonetheless be unwilling to provide for joint control of the Canadian Armed Forces. How could the Forces be controlled by two defense ministers, two cabinets and two sovereign legislatures chosen by two peoples?

If Quebec were to deploy armed forces, presumably it would propose applying to the Canadian Armed Forces the general formula that all Canadian federal assets in Quebec would become the property of the Quebec state. The basic infrastructure for a small army is already located in Quebec. It is only a small exaggeration to say that just the flags would have to be changed. The implications for Canada-U.S. defense cooperation of the establishment of a Quebec army are minimal. While there are Canada-U.S. plans to deal with small-scale conventional attacks on North America (seizure of radar stations, etc.) the probability of such an event has always been very low, and the forces earmarked to deal with it are quite limited.

Because of its basing in British Columbia and Atlantic Canada, it probably can be assumed that the Canadian navy would remain in Canadian hands. But the loss of very roughly one quarter of Canada's tax base would obviously have an impact on the country's defense budget. So the navy's hopes for continuing acquisition of new patrol frigates and submarines would probably suffer. While the U.S. might, in consequence, have to assume a greater role in the seaward defense of North America, the bilateral and NATO arrangements for cooperation with the Canadian navy should remain intact. For its part, Quebec might be content with a very limited force of small vessels to patrol the Gulf of St. Lawrence; coast guard or police vessels might suffice.

The future of the Canadian air force poses the thorniest question for Canada, Quebec *and* for the United States. Basic air defense capability remains essential to the security of North America, including the capability to survey the North Atlantic and Arctic approaches. The Soviet Union still maintains a substantial strategic nuclear force. Moreover, as a result of the new Strategic Arms Reduction Treaty (START), long-range bombers and cruise missiles will become a substantially greater percentage of the Soviet arsenal.

Fighter Group of the Canadian air force is responsible for air defense operations in Canada. Its CF-18 aircraft, all of which are controlled by Canadian NORAD Region Headquarters at North Bay, Ontario, are divided between two bases, one in Cold Lake, Alberta, the other at

Bagotville Quebec, with several aircraft from Bagotville on alert at Goose Bay, Labrador. The two squadrons of aircraft based at Bagotville are responsible for the air defense of Eastern Canada, including, in an emergency, the far north. For emergency and intermittent northern operations there is also a forward operating location at Kujjuuaq in far northern Quebec. There are no longer any air defense radar stations located in that province. The numbers are not large. The two Bagotville squadrons total only about 24 aircraft.

But problems could readily emerge. How would Quebec man, train, and maintain what would be, in effect, a small piece spun off from a larger air defense force? Whose aircraft would be responsible for air defense operations in Atlantic Canada? Difficult Canada-Quebec-U.S. command and control issues would also arise. Would Quebec build its own air defense control center, or would it propose that North Bay become a joint Canada-Quebec control center? If Quebec opted for its own center, would Canada be obliged to create duplicate facilities in Atlantic Canada?

Finally, and inevitably, the NORAD issue would arise. The North American Aerospace Defense Command, a joint Canada-U.S. entity headquartered at Colorado Springs, Colorado, has operational control over all North American air defense operations. More importantly, it constitutes the integrated facility for assessing a missile and bomber attack on North America. As the statement from the Parti Québécois program cited above indicates, sovereignists have often been anxious to reassure the U.S. that Quebec would "meet its NORAD obligations." But there is a difference between meeting *North American air defense* obligations and participating in the operations of the NORAD facilities at Colorado Springs. It might be very difficult, if not impossible, for the U.S. to accept a tri-nationalization of NORAD itself that included the admission of Quebec officers to Colorado Springs, given the very small contribution Quebec would make and given the centrality of NORAD in the integrated assessment of attack.

For these reasons, should Quebec independence come and should Quebec opt for armed forces, clearly the interests of North American defense would be served by a Quebec decision to leave air defense in the hands of the U.S. and Canada. It is thus conceivable that, in the course of full independence negotiations, Quebec might be persuaded by the U.S. to restrict itself to an army and a small coastal patrol force. Again, the U.S. interest is in a fairly close Canada-Quebec association. However, if Quebec were to see the ability to patrol its own airspace as an essential element of sovereignty, it could be intent on establishing its own small air defense force.

If Quebec were simply given a role at North Bay, where Canadian and Quebec air defense operations were immediately controlled, NORAD might continue as a Canada-U.S. entity. Yet, as surprising as it might sound, the U.S. Defense Department might simply prefer the dissolution of NORAD. In 1985 the U.S. Space Command was created and also located at Colorado Springs. It was given the reserve capability to take over from NORAD the integrated missile/bomber attack assessment function. At that time the Pentagon mulled over moving air defense control operations and Canadian personnel out of Colorado Springs. Those plans could be dusted off. Either a new joint air defense headquarters could be formed which would send information to U.S. Space Command, or North American air defense cooperation could revert to a pre-1957 form, based on constant sharing of information and the drawing up of joint plans. The dissolution of NORAD could come at a cost to Canada and Quebec, involving loss of intimate access to certain elements of U.S. defense planning, and some space technology. Here, too, the U.S. might offer to extend NORAD as a small inducement towards Canada-Quebec defense cooperation.

The inducement might be very small, though, or even non-existent. For NORAD dissolution could have some positive symbolic impacts. To Canadians, NORAD has become a familiar but certainly never-beloved landmark of their relationship with the U.S. over the years. It has been a symbol of their dependence on the military giant to the south. Removing it and replacing it with functional but less imposing air defense arrangements could satisfy Canadian desires without jeopardizing North American security.<sup>37</sup>

### **A host of other issues**

Trade and investment, foreign policy, and defense are only the most visible areas where a Canadian breakup would have an impact on the Canada-U.S. relationship. Within the sometimes astonishing breadth of that relationship, areas of conflict— and far, far more often, of cooperation— are numerous. A transfer of authority from the Canadian federal government to the Quebec government would require a host of new Quebec-U.S. working arrangements and possibly some new joint institutions as a well as alterations in existing Canada-U.S. arrangements and institutions. Establishing these could be time-consuming, although not controversial in many areas. In some, pursuing U.S. interests could be made more complicated; in others, easier. For an example of the latter, state governments in the northeastern U.S. could welcome the removal of Canadian federal authority over environmental issues (as well its

limited authority over cross-border energy transfers), making negotiations for Quebec hydro-electric sales a more direct affair. Probably in the great majority of cases, though, agencies on both sides of the border would need simply to make administrative arrangements to adapt long-standing practices and agreements. This would often be facilitated to the extent that officials formerly working for the Canadian federal government would perform the same functions as Quebec government employees. In many cases departments of the Quebec government are involved already in the cross-border management of relations.

It is impossible to conceive of, let alone describe, these areas in any detail. Several years ago while serving in Ottawa Allan Gottlieb discovered a vast number of Canada-U.S. "memoranda of understanding, exchanges of letters, minutes, and technical documents." Yet even these were "but a drop in the ocean of informal trans-border contacts that have been taking place for many years. The reality is that, at any given time, there are thousands of points of contact at all levels of government operations at the federal level."<sup>38</sup> The following list is intended only to be illustrative of the extent of the task of accommodating Canada-U.S. relations to a Canadian breakup:

(a) *Environmental protection.* The Boundary Waters Treaty of 1909 acts as a framework agreement for Canada-U.S. environmental cooperation. As the treaty's title indicates, this includes boundary waters, among them the Richelieu River which flows from the Quebec-U.S. border, and also the Great Lakes from which Quebec is downstream on the St. Lawrence River. The treaty sets up an International Joint Commission (IJC), composed of three members appointed by the Canadian government and three by the U.S. government, to be environmental watchdog, especially over Great Lakes water quality. The IJC also has supranational authority over boundary water levels. Presumably Quebec would become a party to the treaty and several related agreements. Would Canada agree to cede one of its seats on the Commission to the Quebec government? One Canadian seat has always been held by someone from Quebec. If, not, what other arrangement should be made?

(b) *Transportation and communications issues.* These include an array of telecommunications agreements involving, among other things, the allocation of frequencies, as well as air transport, railway, and customs arrangements. Cross-border trucking issues have recently become controversial once again in Canada. The St. Lawrence Seaway issue, which sometimes has loomed large in public discussions of Quebec sovereignty in the U.S., would not be thorny at all if Canada agreed to convert the St. Lawrence Seaway Corporation into a joint Canada-Quebec entity which would continue to cooperate with its U.S.

counterpart. Three separate entities, one American, one Canadian and one Québécois, while complicated, would not be unthinkable and probably not unmanageable.

(c) *Law enforcement, security intelligence, and legal cooperation.* Presumably the Royal Canadian Mounted Police, which shares police responsibilities in Quebec with the Sûreté de Québec, and the Canadian Security Intelligence Service would withdraw from Quebec. Whether the Communications Security Establishment, the Canadian entity responsible for signals intelligence, has facilities in Quebec is not publicly known. U.S. police and intelligence agencies would have to establish the appropriate forms of cooperation. Here such cooperation probably would be facilitated to the extent that officials formerly employed by the Canadian federal government would become Quebec employees.

(d) *Formal legal arrangements.* No doubt there would be a good many legal arrangements, such as those pertaining to extradition, to be adapted to Quebec sovereignty.

(e) *Agriculture and fisheries; licensing; health and pensions.* Again, these are areas in which Quebec government departments are already involved in cross-border arrangements.

### **Gearing up to negotiate: the players in Washington**

Given the number and extent of cross-border issues, it may not be an exaggeration to say that in some way every agency of the U.S. government would have to adopt new procedures in response to the establishment of a sovereign Quebec. The number of bureaucratic actors involved should not in itself be a matter for concern. As suggested in the previous section, in many cases longstanding practices could probably be adapted readily by officials in the various functional agencies. A measure of coordination would be useful, though, to insure that the wide range of functional Canada-Quebec-U.S. discussions were in harmony with the overall thrusts of U.S. policy. Just as importantly, such coordination could also insure that any formal discussions with Canada and Quebec on any new arrangements would not occur until senior officials of the U.S. government felt that it was appropriate to do so.

It is not easy to be optimistic about the U.S. government's ability to coordinate policy towards Canada. Too many bureaucratic actors, too many domestic interests and too many members of Congress are involved. Should Canada breakup, the U.S. government's formal apparatus for dealing with Canadian affairs does include structures, though, which could provide some enhanced coordination and still accommodate the leeway the various agencies would need to conduct their

functional affairs. That apparatus would be confronted with the toughest test it has faced. On such matters as the negotiation of an extension of the FTA to Quebec and its submission to Congress, in all probability the most senior officers of the U.S. government would have to become involved. A decision on the potentially thorny issue of when to open discussions with Canada and Quebec could also require a senior-level decision.

On the working level, two agencies and two officials could play important roles. In 1984 the U.S. State Department re-created the position of deputy assistant secretary (DAS) of state for Canadian affairs. Canada is the only country in the world to which a DAS has been assigned on a full-time basis, precisely in recognition of the complexity of the Canada-U.S. relationship and the number of U.S. bureaucratic actors involved in its management. Since then the position has been held by political appointees. The danger certainly exists that the position could become a simple political plum. But an effective incumbent can strike a close working relationship with the administration's political operatives and with other State Department officials, especially the career foreign service officers in the Office of Canadian Affairs who report to the DAS, and the assistant secretary of state for Europe and Canada to whom the DAS reports. Assistant secretaries of state for Europe and Canada have sometimes taken a sporadic interest in Canada. In the summer of 1991 the position was given to Thomas Niles, former Ambassador to Canada, guaranteeing at least one assistant secretary knowledgeable in Canadian affairs.

The DAS for Canada is charged with monitoring the activities affecting Canada-U.S. relations of other agencies, and to the extent of his abilities and bureaucratic clout, influencing them. In recent years the State Department's clout over economic policy-making has yielded to the U.S. Trade Representative, the Treasury, and the Commerce Department, all of whom would be involved in the discussions with Canada and a sovereign Quebec. This division of authority was a persistent problem during the negotiation of the FTA that was only resolved by the last-minute intervention of senior administration officials, most notably then-Secretary of the Treasury James Baker. The problem could reoccur in a Canada-Quebec-U.S. free trade round.

The second agency is the National Security Council (NSC). For many years the NSC has assigned an officer to oversee Canadian affairs among many other responsibilities. Other than to the extent the president has been personally and directly involved, the NSC has not played a major role in U.S.-Canada relations, with one potentially important exception. The NSC has a mandate to encourage longer-term foreign

policy planning and coordination. From time to time it has issued national security study directives for so-called government-wide "country studies," including ones on Canada, most notably in 1985, the most extensive ever. In the very recent past, and in the absence of "fires" in U.S.-Canada relations, these studies have often been little more than compendiums of agency reports on policies already being pursued. In the event of Quebec sovereignty, even such reports could constitute a useful catalogue of the matters to be discussed. In theory the process could also be partially relied upon to lend greater coherence to the U.S. approach to Canada and a sovereign Quebec.

Two other players should be mentioned briefly. Sometimes in past administrations, the U.S. ambassador to Canada has played an important role back in Washington in the setting of U.S. policy. In any event he or she presides over important sources of reporting in the embassy and the consulates in Vancouver, Calgary, Toronto, Montreal, Quebec City and Halifax. Should Quebec sovereignty be impending or realized, the consul-general in Quebec City will play an important role both in the quality of the reporting and to the extent that Washington authorizes him or her to enter into detailed discussions with the Quebec government.

## CONCLUSION

About one year from now it should be clear whether the U.S. will have a new sovereign state on its northern border. John Holmes also claimed that "although Washington seems not at all disposed to encourage Quebec nationalism, it is not inclined to be very sentimental about Canada because Canada is fat and rich. Faced with a fait accompli, Washington would have to live with a state of Quebec and pursue its special interests."<sup>39</sup> Holmes may have underestimated the extent to which sentiment enters into American views of Canada's unity crisis. But surely he was right in observing that sentiment would take a back seat to the pursuit of U.S. interests in Canada-U.S. relations.

Those interests are extensive. While they would best be served by Canada's remaining united, they would not be fundamentally threatened by Quebec sovereignty. Strikingly, despite the overwhelming importance to Canada of the U.S., there is little the U.S. can do to affect the outcome of the one or two basic decisions Quebec and English Canada will be making: whether or not to remain one country, and if not, whether to enter into close association as sovereign states.

Fortunately, Canada and a sovereign Quebec, should it ever come into existence, would remain friends, partners, and allies of the

U.S. Our interests and our values remain similar. To be sure, it is conceivable that either northern neighbor, especially Canada, might be tempted to pursue "anti-American" approaches as part of a policy of national self-definition. But, as most Canadians and many Americans are well aware, the Canada-U.S. interdependent relationship simply cannot be unravelled. Any "anti-American" approach necessarily would be so limited in scope that it would appear as an irritant, not a threat. In this period of great calm it should be remembered that the relationship has included and weathered such irritants in the recent past.

So Holmes was also right in calling the U.S. interests that would have to be pursued, if Quebec becomes sovereign, as "special." In other words, there would be a host of topics to be addressed from the U.S. perspective in accommodating and adjusting North American relations to the new political realities on the U.S. northern border. As they contemplate the possibility of a future politically apart, English Canadians and Quebecers have necessarily considered what this could mean for their relations with the U.S. In 1992 the U.S. government may be forced to turn to this agenda as well.



## NOTES

- (1) Jean-François Lisée, *Dans l'oeil de l'aigle: Washington face au Québec* (Montréal: Boreal, 1990); *In the Eye of the Eagle*, translated by Arthur Holden (Toronto: Harper Collins, 1990).
- (2) Diane Francis, "It's time for English Canada to speak up," *Maclean's*, December 10, 1990: 11.
- (3) Apologies to those who find the term "English Canada" misleading or offensive. It is used here simply to avoid the more awkward options, "the rest of Canada" or "Canada outside of Quebec."
- (4) Daniel Latouche, "Québec and Canada: Scenarios for the Future," *Business in the Contemporary World* vol. 3, no. 1 (Autumn 1990): 59.
- (5) Marc V. Levine, *The Reconquest of Montreal* (Philadelphia: Temple University Press, 1990), 221.
- (6) Lysiane Gagnon writes that Quebec's allegiances are "complicated. There is a deep, if generally non-verbal attachment to Canada ... Quebecers' main allegiance goes to their provincial government, essentially because it is the only government controlled by French Canadians, but Canada remains deeply ingrained in Quebecers' psyche." *Globe and Mail*, February 16, 1991, D3.
- (7) The classic study is Albert Breton, "The Economics of Nationalism," *Journal of Political Economy* 72 (1964): 376.
- (8) Pierre Fournier, *A Meech Lake Post-Mortem: Is Quebec Sovereignty Inevitable?* (Montreal and Kingston: McGill-Queen's University Press, 1991), ix.
- (9) There was often a double standard at work. In April, 1988, Saskatchewan adopted legislation overriding French language rights at the provincial level but providing some services to francophones. In June, 1988, the Alberta government introduced legislation extinguishing the right to use French in the legislature.
- (10) For the depressing details see Andrew Cohen, *A Deal Undone: the Making and Breaking of the Meech Lake Accord* (Vancouver & Toronto: Douglas and McIntyre, 1990).

(11) Quebec, *Report of the Commission on the Political and Constitutional Future of Québec*, March 1991, 45.

(12) *Ibid.*, 45-46.

(13) Québec, Loi 150, *Loi sur le processus de détermination de l'avenir politique et constitutionnel du Québec*, May 1991.

(14) The position was adopted at an early March convention of the Quebec Liberal party, based on the "Allaire" report submitted by the party's constitutional committee under the chairmanship of Jean Allaire. *Rapport du Comité constitutionnel du Parti libéral du Québec, Un Québec libre des ses choix*, January 28, 1991.

(15) *Globe and Mail*, January 30, 1991, A14.

(16) Canada. Citizens' Forum on Canada's Future, *Report to the People and Government of Canada*, June, 1991, 53.

(17) *Ibid.*, 47.

(18) This section draws heavily on Peter M. Leslie, "Options for the Future of Canada: The Good, the Bad, the Fantastic," ed. by Ronald L. Watts and Douglas M. Brown, *Options for A New Canada* (Toronto: University of Toronto Press, 1991), 127-9.

(19) John W. Holmes, *Canada: A Middle-Aged Power* (Toronto: McClelland and Stewart, Ltd., 1976), 284.

(20) *Globe and Mail*, February 1, 1991, A12.

(21) As paraphrased by Allan Gotlieb, "I'll Be with You in a Minute, Mr. Ambassador": *The Education of a Canadian Diplomat in Washington* (Toronto: University of Toronto Press, 1991), 133.

(22) *Ibid.*

(23) The original Parti Québécois proposal is found in Gouvernement du Québec, Conseil exécutif, *La nouvelle entente Québec-Canada* (Québec: Editeur officiel, 1979), Chapter 4. A host of recent proposals and observations about the Quebec economy under various political arrangements is found in Québec, Commission sur l'avenir politique et

constitutionnel du Québec, document de travail no. 4, *Les avis des spécialistes invités à répondre aux huit questions posées par la Commission* (1991). See also Georges Mathew's discussion of a "New Canadian Community" in Mathews, *Quiet Revolution: Québec's Challenge to Canada* (Toronto: Summerhill Press, 1990).

Political scientists and constitutional experts have pointed out that functionally, the line between an association of sovereign states and a radically decentralized Canada is thin. Philip Resnick has proposed a "Canada-Québec Union." Sovereignty would result in the union; power would be vested in the Quebec government, a to-be-established English Canadian government, and in certain areas by the union government. Philip Resnick, *Toward A Canada-Quebec Union*, (Montreal and Kingston: McGill-Queen's University Press, 1991). See also Thomas J. Courchene, "La communauté des Canadas," in *Commission ....*, Document de travail no. 4, 199-239.

(24) *Report of the Commission*, 23.

(25) Thomas J. Courchene argues that a Canada-Quebec economic and monetary union "is likely to be unfeasible on either political or economical grounds, as well as undesirable from the standpoints of both Québec and the rest of Canada." Courchene, *In Praise of Renewed Federalism* (Toronto: C. D. Howe Institute, 1991), 2.

(26) Lisée, 273.

(27) *Report of the Commission*, 52-53.

(28) Fournier, 107-8.

(29) William Diebold, "Change and Continuity in Canada-U. S. Economic Relations," *Canadian-American Public Policy* no. 5 (March 1991): 33.

(30) A. E. Safarian, "Investment Aspects of the Canada-U. S. Free Trade Agreement," in *Assessing the Canada-U. S. Free Trade Agreement* ed. by Murray G. Smith and Frank Stone (Ottawa: The Institute for Research on Public Policy, 1987), 120.

(31) Fournier, 108-9. It is important to point out that Fournier, for his part, emphasizes that Quebec government-controlled capital should be relied on to protect Quebec ownership; he does not call for investment restrictions.

(32) Fen Osler Hamson and Christopher J. Maule, "After the Cold War," in *Canada Among Nations 1990-1991: After the Cold War* ed. by Hamson and Maule (Ottawa: Carleton University Press, 1991), 2.

(33) Alfred O. Hero, Jr., and Louis Balthazar, *Contemporary Quebec and the United States, 1960-1985* (Lanham, MD: University Press of America, 1988), 231.

(34) Latouche, 67.

(35) Groupe Franco-militaire, mémoire, "Sécurité et défense: des questions fondamentales," N.D., Submission 1119M to the Commission sur l'avenir politique et constitutionnel du Québec, 4 (My translation).

(36) "La souveraineté: Pourquoi? Comment?" (Montréal: Service des communications du Parti Québécois, 1990) (My translation).

(37) For a recent, more extensive treatment of these issues see Chapter 9 in Joseph T. Jockel, *Security to the North: Canada-U. S. Defense Relations in the 1990s* (East Lansing: Michigan State University Press, 1991).

(38) Gottlieb, 120.

(39) Holmes, 284.

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